

1 HOUSE BILL NO. 60

2 INTRODUCED BY J. MCKENNEY

3 BY REQUEST OF THE BOARD OF PUBLIC EDUCATION

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5 A BILL FOR AN ACT ENTITLED: "AN ACT PROHIBITING THE GOVERNOR FROM DIRECTING A
6 REDUCTION IN SPENDING FOR THE MONTANA SCHOOL FOR THE DEAF AND BLIND IN THE EVENT OF
7 A PROJECTED GENERAL FUND BUDGET DEFICIT; AMENDING SECTION 17-7-140, MCA; AND PROVIDING
8 AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

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10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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12 **Section 1.** Section 17-7-140, MCA, is amended to read:

13 **"17-7-140. Reduction in spending.** (1) (a) As the chief budget officer of the state, the governor shall
14 ensure that the expenditure of appropriations does not exceed available revenue. Except as provided in
15 subsection (2), in the event of a projected general fund budget deficit, the governor, taking into account the
16 criteria provided in subsection (1)(b), shall direct agencies to reduce spending in an amount that ensures that
17 the projected ending general fund balance for the biennium will be at least 1% of all general fund appropriations
18 during the biennium. An agency may not be required to reduce general fund spending for any program, as
19 defined in each general appropriations act, by more than 10% during a biennium. Departments or agencies
20 headed by elected officials or the board of regents may not be required to reduce general fund spending by a
21 percentage greater than the percentage of general fund spending reductions required for the total of all other
22 executive branch agencies. The legislature may exempt from a reduction an appropriation item within a program
23 or may direct that the appropriation item may not be reduced by more than 10%.

24 (b) The governor shall direct agencies to manage their budgets in order to reduce general fund
25 expenditures. Prior to directing agencies to reduce spending as provided in subsection (1)(a), the governor shall
26 direct each agency to analyze the nature of each program that receives a general fund appropriation to
27 determine whether the program is mandatory or permissive and to analyze the impact of the proposed reduction
28 in spending on the purpose of the program. An agency shall submit its analysis to the office of budget and
29 program planning and shall at the same time provide a copy of the analysis to the legislative fiscal analyst. The
30 office of budget and program planning shall review each agency's analysis, and the budget director shall submit

1 to the governor a copy of the office of budget and program planning's recommendations for reductions in
2 spending. The budget director shall provide a copy of the recommendations to the legislative fiscal analyst at
3 the time that the recommendations are submitted to the governor and shall provide the legislative fiscal analyst
4 with any proposed changes to the recommendations. The legislative finance committee shall meet within 20
5 days of the date that the proposed changes to the recommendations for reductions in spending are provided
6 to the legislative fiscal analyst. The legislative fiscal analyst shall provide a copy of the legislative fiscal analyst's
7 review of the proposed reductions in spending to the budget director at least 5 days before the meeting of the
8 legislative finance committee. The committee may make recommendations concerning the proposed reductions
9 in spending. The governor shall consider each agency's analysis and the recommendations of the office of
10 budget and program planning and the legislative finance committee in determining the agency's reduction in
11 spending. Reductions in spending must be designed to have the least adverse impact on the provision of
12 services determined to be most integral to the discharge of the agency's statutory responsibilities.

13 (2) Reductions in spending for the following may not be directed by the governor:

14 (a) payment of interest and principal on state debt;

15 (b) the legislative branch;

16 (c) the judicial branch;

17 (d) the school BASE funding program, including special education; ~~and~~

18 (e) salaries of elected officials during their terms of office; and

19 (f) the Montana school for the deaf and blind.

20 (3) (a) As used in this section, "projected general fund budget deficit" means an amount, certified by
21 the budget director to the governor, by which the projected ending general fund balance for the biennium is less
22 than 2% of the general fund appropriations for the second fiscal year of the biennium. In determining the amount
23 of the projected general fund budget deficit, the budget director shall take into account revenue, established
24 levels of appropriation, anticipated supplemental appropriations for school equalization aid, and anticipated
25 reversions.

26 (b) If the budget director determines that an amount of actual or projected receipts will result in an
27 amount less than the amount projected to be received in the revenue estimate established pursuant to 5-18-107,
28 the budget director shall notify the revenue and transportation interim committee of the estimated amount. Within
29 20 days of notification, the revenue and transportation interim committee shall provide the budget director with
30 any recommendations concerning the amount. The budget director shall consider any recommendations of the

1 revenue and transportation interim committee prior to certifying a projected general fund budget deficit to the
2 governor."

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4 NEW SECTION. **Section 2. Effective date -- applicability.** [This act] is effective on passage and
5 approval and applies to fiscal years beginning on or after July 1, 2003.

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